

**Notice of Funding Availability (NOFA)**

**MULTIFAMILY HOUSING SECTION (MHS)**

**JOE SERNA, JR. FARMWORKER HOUSING  
GRANT PROGRAM**

**MULTIFAMILY RENTAL HOUSING**

**September 24, 2004**

State of California  
Department of Housing and  
Community Development

**NOTICE OF FUNDING AVAILABILITY (NOFA)  
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**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT  
DIVISION OF COMMUNITY AFFAIRS****Joe Serna, Jr. Farmworker Housing Grant Program**

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**NOTICE OF FUNDING AVAILABILITY  
JOE SERNA, JR. FARMWORKER HOUSING GRANT PROGRAM  
MULTIFAMILY RENTAL HOUSING**

**September 24, 2004  
Serna Farmworker Program Funds: \$10 million**

**A. Introduction**

The California Department of Housing and Community Development (hereinafter "HCD" or "Department") is pleased to announce that it is accepting applications under the Joe Serna, Jr. Farmworker Housing Grant Program (Serna Farmworker Program). This Notice of Funding Available (NOFA) makes approximately \$10,000,000 (ten million dollars) available from the proceeds of bonds authorized by Proposition 46. Applications will be accepted on an "over the counter" basis until available funds are exhausted. Applications will be accepted beginning at 8:00 a.m., Pacific Standard Time, on Friday October 1, 2004 and until 5:00 p.m., Pacific Daylight Time, June 30, 2005 or until such time before June 30<sup>th</sup> that the Department has received what it determines to be a sufficient number of applications to reasonably use all funds currently available. HCD reserves the right, at its sole discretion, to suspend, amend, or modify the provisions of this NOFA. If such an action occurs, HCD will notify all interested parties. The Department has issued a HOME INVESTMENT PARTNERSHIP PROGRAM\_NOFA dated July 30, 2004, a component of which includes additional funds under the JOE SERNA, JR. FARMWORKER HOUSING GRANT Program.

**APPLICATION PROCEDURES**

**B. Application Packaging and Submittal**

Applications are available on the Department's web site: [www.hcd.ca.gov/ca/fwhg](http://www.hcd.ca.gov/ca/fwhg) or by mail when requested.

Applications must be delivered to one of the following addresses:

	<b><u>Private Carrier</u></b>
Anne Gilroy Department of Housing and Community Development Division of Community Affairs P.O. Box 952054 Sacramento, CA 94252-2054	Anne Gilroy Department of Housing and Community Development Division of Community Affairs 1800 Third Street, Room 390 Sacramento, CA 95814

Applications are to be submitted in duplicate and must be made on the forms provided by the Department. Application forms shall not be modified. Applications having material internal inconsistencies or lacking essential information will be considered incomplete and will be held pending clarification or correction. In order to assure prompt consideration and correct evaluation, applicants are advised to pay special attention to Serna Farmworker Program Regulations Section 7218, "Contents of Grant Applications" and to read the Application Package carefully, being sure to provide all required information and accompanying documentation.

**C. Application Review and Evaluation**

Applications will be reviewed and analyzed in the order in which they are received. Projects, however, will not be scheduled for presentation to the Local Assistance Loan and Grant Committee ("the Committee") until the application is deemed complete by the Department, the amount of proposed subsidy is appropriate, and the project meets other underwriting and site and design criteria, as outlined in Serna Farmworker Program Regulations Sections 7204, 7206, 7208, and 7210; and, UMR Section 8300, et seq.

Applicants must be eligible and must demonstrate their ability to proceed with construction or rehabilitation of the proposed housing development ("capacity") (Serna Farmworker Program Regulations Section 7204(a) (2)). Additionally, applicants must demonstrate that they have site control that is satisfactory to the Department (UMR Section 8303). The proposed housing development must be eligible per Serna Farmworker Program Regulations Section 7204(b), including provision of assisted units; and maximize, to the greatest extent possible, occupancy by low-income agricultural households; All proposed uses of Program funds must be eligible per Serna Farmworker Program Regulations Section 7206. The Program will conduct its completeness and eligibility review within thirty (30) calendar days following receipt of an Application. Applicants will be promptly notified, in writing, of the results of this initial review. Applicants may be asked to provide corrected or additional information before passing on to the more detailed evaluation outlined below.

Only applications that are judged complete and eligible will undergo further evaluation by program staff to determine whether a positive or negative funding recommendation will be made to the Committee. That evaluation will include: a detailed analysis of the financial aspects of the project to determine if the amount of Program funds are appropriate. This analysis will include a consideration of: development and permanent financing, including other sources of subsidy; operating budget projections; and, overall cost effectiveness. Additional information may be solicited from the applicant during this process. Following this evaluation, Staff will present their findings to the Committee. All applicants whose projects are to be presented to the Committee will be notified of the date, time, and place of the meeting. Applicants will be

notified in writing of the Committee's action. An application recommended for approval by the Committee and then approved by the Director of the Department will receive an award package that contains the procedures, requirements, and any special conditions needed for funding the grant or loan. An application rejected by the Department will be sent a letter informing the applicant of the reasons for such rejection and of its rights to appeal the decision.

**D. Application Workshops.**

To assist applicants in preparing their applications, the Department will conduct application workshops. Workshop attendance will assist the applicant with application preparation. Time is also set aside for answering individual applicant project related questions. If you are unable to attend one of the workshops and have questions about the application process, please contact the MHS program staff.

Application workshops are scheduled as follows:

Date	Location	Time
October 7, 2004	Self-Help Enterprises 8445 W. Elwin Visalia, California	9:30 AM – 12:30 noon
October 14, 2004	Joseph Phelps Farm Labor Housing 1109 Silverado Trail St. Helena, California	9:30 AM – 12:30 PM
October 18, 2004	Riverside County Housing Authority 5555 Arlington Avenue Riverside, California	1:00 AM – 4:00 PM

For more detailed information, refer to the HCD' website at <http://www.hcd.ca.gov/ca/fwhg/>.

**If you are going to be attending a workshop, please contact Anne Gilroy at:**

Dept of Housing and Community Development  
Division of Community Affairs  
Serna Farmworker Program  
1800 – 3<sup>rd</sup> Street, MS 390-5  
Sacramento, CA 95814  
Phone: (916) 323-3178  
(916) 445-0117 (FAX)  
E-mail: [agilroy@hcd.ca.gov](mailto:agilroy@hcd.ca.gov)

## PROGRAM DESCRIPTION

### E. Program Summary

The purpose of the Serna Farmworker Program is to provide grants, or loans, or both for the development, construction and/or rehabilitation of multifamily rental housing for agricultural workers and their families. Single family and owner-occupied rehabilitation projects are not eligible to apply under this NOFA.

The Program is subject to the requirements of Health and Safety Code Section 50517.5 et seq., the Farmworker Housing Grant regulations set forth in California Code of Regulations, title 25, commencing with Section 7200 et seq. (referred to in this NOFA as the “Serna Farmworker Program Regulations”), and the Uniform Multifamily Regulations (“UMR”) set forth in California Code of Regulations, title 25, commencing with Section 8300. Applicants should fully familiarize themselves with these statutes and regulations. The Serna Farmworker Program Regulations can be obtain on the Department’s website at <http://www.hcd.ca.gov/ca/fwhg/>. The UMR’s can be obtained from the Department’s website at <http://www.hcd.ca.gov/ca/mhp/>.

### F. Highlighted Program Changes

All multifamily rental projects including those receiving financing from the United States Department of Agriculture/Rural Development (USDA/RD) will be reviewed, processed and underwritten by the Department’s Multifamily Housing Section (MHS). Contact information for MHS is located at the end of this NOFA. Questions regarding these applications should be addressed to MHS Staff.

**Projects shall target the lowest income Agricultural households supported by the Market Study** and consistent with project financial feasibility. Restricted rents for Assisted Units shall not exceed 30 percent of the percentage of the Area Median Income (AMI) used to target the Agricultural households. The restricted AMI income level for all the Assisted Units shall not exceed the 50% AMI level unless shown to be required for project financial feasibility.

Projects will be located in areas with low vacancy rates and where demand for Agricultural worker units is demonstrably strong. A market study shall be provided that identifies all income segments of the target population and the project shall target the lowest income “Agricultural households” consistent with maintaining project financial feasibility and conformance with the Uniform Multifamily Regulations.

### G. Eligible Project Sponsors

Local public entities, non-profit corporations, cooperative housing corporations, federally-recognized Indian tribes, and limited partnerships (where all of the general partners are nonprofit mutual or public benefit corporations) are eligible to apply and receive grants, loans or a combination of both. The Department will evaluate all nonprofit applicants, including the roles of the nonprofit general partner(s) in a limited partnership, to determine if the nonprofit roles and responsibilities and benefits in the project development and operations are commensurate with activities normally undertaken or controlled by project developers and owners. The nonprofit will be reviewed to determine if adequate staffing levels exist to undertake and complete the project.

For all eligible Applicants, any identity of interest shall be examined to determine if it is cause for undue financial enrichment or other unacceptable conflicts of interest. The above discussion of evaluations is neither exhaustive nor complete. The Department reserves the right to find applicants ineligible based on these evaluations.

**H. Eligible Uses of Funds**

Funds may be used for costs related to rental housing development including: land acquisition, predevelopment activities, site development, new construction, and rehabilitation. A full list of eligible expenditures may be found at Serna Farmworker Program Regulations Section 7206(a) and (c).

**I. Ineligible Uses of Funds**

The grant, loan or combination of both may not be used for a recipient's administrative costs except those directly related and necessary to a recipient's implementation of the grant, loan or combination of both. No part of the funds may be used for project organization or planning for the housing development (Serna Farmworker Program Regulations Section 7206(b)). It is the Program's policy that Developer Fees are considered organizational and planning costs and may not be charged to the grant, loan or combination of both.

**J. Eligible Projects**

An eligible project is residential housing that is developed or rehabilitated along with the related support facilities necessary to such housing and that includes units that will house agricultural households. Separate applications must be submitted for multiple sites or for multiple activities at the same site. Each application will be considered on its own merits and without regard for "related" applications.

Multifamily project applications received but not funded under the previous NOFA of October 24, 2003, are encouraged to reapply under this NOFA.

**K. Maximum Loan and Grant Amounts**

- 1) Multifamily Rehabilitation only projects: One Million Five Hundred Thousand Dollars (\$1,500,000).
- 2) Multifamily New Construction and Multifamily Acquisition and Rehabilitation Rental projects not using 9 percent Low-Income Housing Tax Credits: Three Million Dollars (\$3,000,000).
- 3) Multifamily Rental projects using 9 percent Low-Income Housing Tax Credits: One Million Dollars (\$1,000,000).

Applicants must indicate at time of application if they will be requesting a grant, loan or a combination of grant and loan.

The Department also reserves the right to reduce the requested amount of funding for any given project based upon Staff's analysis of the project's financing structure and the amount of funds

necessary for the project to be financially feasible and meet the Department's underwriting requirements.

**L. Match Requirements**

Applicants must demonstrate, to the satisfaction of the Department that they can and will provide a "matching share" of funds in an amount at least equal to the requested grant or loan.

"Matching share" means the proceeds of: Local, State, and Federal grants and loans; private loans; cash investments; in-kind contributions; or local government fee waivers that are sources, in part, of the total development or rehabilitation cost of the housing development. Applicants with rehabilitation projects who are proposing the use of in-kind contributions consisting of the value of existing structures as their matching share will have the valuation of those improvements closely scrutinized by the Department and should present adequate data about the pre-rehabilitation value of the property. In addition, the use of existing structures as in-kind match contributions will be limited to 50 percent of the required total match. Please Note: A potential source of matching funds for rental projects is the United States Department of Agriculture's Rural Housing Service (RHS). RHS typically issues a NOFA for their Section 514/516 Farm Labor Housing Loans and Grants sometime in the first two calendar months of the year. This financing also offers an opportunity for rental assistance subsidy that can greatly enhance project feasibility. Other HCD funds count as match, examples are: Multifamily Housing Program (MHP), CalHome, Community Development and Block Grant (CDBG) and HOME funds.

**M. Market Study**

A market study must be prepared pursuant to the Market Study Guidelines that the California Tax Credit Allocation Committee (TCAC) published on March 31, 2004 and located at: (<http://www.treasurer.ca.gov/ctcac/ctcac.htm>) as well as the requirements specified below. Besides demonstrating the overall demand for the rental housing units within the market area, the purpose of the market analysis is to demonstrate the extent of effective demand for the rental units that will be occupied by members of the Serna Farmworker Program eligible targeted population- "agricultural workers". "Agricultural workers" must be engaged in "agricultural employment" and these jobs typically pay lower wages than workers engaged in later stage manufacturing activities, e.g., food processing. The market analysis must include information that documents the extent of the demand for the housing units from this specific category of worker as well as the ability of these workers to pay the proposed rents. The market study requirements for the Serna Program are located on the Department's website at: <http://www.hcd.ca.gov/ca/fwhg/>. **Please note that TCAC approval of the Market Study does not guarantee HCD approval nor shall HCD be held to TCAC evaluative methods or guideline interpretations.**

**N. Loan and Grant Terms and Security**

All recipients of grant funds will be required to execute and record a Grant Lien and Regulatory Agreement for the purposes of securing performance of the grant or loan conditions. In addition, recipients of loan funds will be required to execute a Promissory Note and a Deed of Trust and record the Deed of Trust in a lien position immediately succeeding the Regulatory Agreement. The lien position(s) occupied by the Serna Farmworker Program Deed of Trust and Subsequent Deeds of Trust are subject to Department approval. Any potential Department subordination is subject to UMR Section 8315.

Regulatory Agreement time frames:

- Loans have a term of fifty five (55) years.
- Grants have a term of forty (40) years.

**O. Occupancy Restrictions and Rent Limits**

The eligible occupants of Serna Farmworker Program assisted units are “Agricultural households”. Agricultural households are comprised of household with at least one “Agricultural worker”. An Agricultural worker is an individual who derives, or prior to retirement or disability derived, a substantial portion of his/her income from “agricultural employment”. Agricultural employment is defined as: being employed in the cultivation and tillage of the soil; the production, cultivation, growing and harvesting of any agricultural or horticultural commodities; the raising of livestock, bees, fur bearing animals, or poultry; dairying, forestry, and lumbering operations; and any work on a farm as incident to or in conjunction with such farming operations, including the delivery and preparation of commodities for market or storage. Agricultural employment is **not** employment in canning or processing plants or wineries where the employee is refining the raw product.

Article XXXIV of the California Constitution requires advanced voter approval of certain publicly funded and regulated low-income housing projects. Under the requirements of this NOFA, Projects funded by the Serna Farmworker Program must either have Article XXXIV approval or be exempt from the need for this approval. Unless there is Article XXXIV authority or an exemption, no more than 49 percent of the total units will be rent restricted by HCD to the AMI level that targets the lowest income Agricultural households consistent with project financial feasibility but no higher than the 50 percent AMI level. If the project has Article XXXIV approval or is exempt from the need for this approval, all Assisted Units will be restricted by HCD. Restricted rents in Assisted Units shall not exceed 30 percent of the percentage of AMI income used to target the Agricultural households. The income percentage of AMI utilized for targeting shall be supported by the Market study and shall target the lowest income Agricultural households consistent with project financial feasibility. The restricted AMI income level for all Assisted Units shall not exceed the 50 percent AMI level unless shown to be required for project financial feasibility.

**P. Developer Fee and Distribution Limitations**

Developer fees are not an eligible use of program funds. Developer fees paid from any source are specifically limited in any project in which the Serna Farmworker Program is a financial participant. The distribution limits and developer fee rules and formula are contained in UMR Sections 8312 and 8314.

**Q. Prevailing Wage Requirements**

Any project awarded grants or loans under this NOFA shall be subject to the payment of State Prevailing Wages under Section 1720 of the California Labor Code. Construction estimates and budgets should be adjusted to reflect this requirement. Any questions of interpretation regarding the Labor Code should be directed to the Director of the Department of Industrial Relations, the State department having jurisdiction in these matters.

**R. Timeframes for Use of Program Funds**

Successful applicants shall enter into a Standard Agreement with the Department for a term of three (3) years. The Standard Agreement will require a recipient to meet, or evidence progress in meeting, certain pre-disbursement and special conditions during the first twelve (12) months of the contract. Failure to meet this requirement may result in disencumbrance of funds and cancellation of the Standard Agreement.

For successful applicants that are proposing the use of Low Income Housing Tax Credits as part of project financing, and have not already received a reservation of tax credits, the Standard Agreement will allow the applicant to apply for such a reservation at the next two subsequent opportunities following the receipt of a Serna Farmworker Program award. An applicant that does not receive a tax credit reservation in the timeframe described above must demonstrate, within ninety (90) days of the second tax credit application, that it has made reasonable progress toward securing acceptable alternative financing. The Department, at its sole discretion, may disencumber the funds and terminate the Standard Agreement if the Department determines that the progress demonstrated by the applicant is not satisfactory.

Projects that have already applied to USDA/RD, CalHFA, or other Departmental funding sources should submit along with the Serna Farmworker Program Application a copy of the application (including applicable attachments) submitted to the other funding sources mentioned above.

Applicants may write, call, e-mail, or visit HCD's website for an application package at the address, telephone number, e-mail address or website listed below.

Please direct your requests for applications or more information about this announcement to:

Department of Housing and Community Development

Division of Community Affairs

Serna Farmworker Program

P.O. Box 952054, MS 390-5

Sacramento, California 94252-2054

(916) 323-3178

(916) 445-0117(FAX)

or e-mail to: [agilroy@hcd.ca.gov](mailto:agilroy@hcd.ca.gov)

website: <http://www.hcd.ca.gov/ca/fwhg>

Staff contacts for the Joe Serna Jr. Farmworker Housing Grant Program:

Benjamin Dudek at (916) 445-6508; [bdudek@hcd.ca.gov](mailto:bdudek@hcd.ca.gov)

Honey Lum at (916) 324-3758; [hxlum@hcd.ca.gov](mailto:hxlum@hcd.ca.gov)

CeCette Cooper at (916) 445-2662; [ccooper@hcd.ca.gov](mailto:ccooper@hcd.ca.gov)

Donald Rubin at (916) 322-0921, [drubin@hcd.ca.gov](mailto:drubin@hcd.ca.gov)

Thank you for your interest in the Joe Serna, Jr. Farmworker Housing Grant Program.

Sincerely yours,

William J. Pavão

Deputy Director

Division of Community Affairs